

BEFORE THE  
POSTAL REGULATORY COMMISSION  
WASHINGTON, D.C. 20268-0001

MAIL PROCESSING NETWORK  
RATIONALIZATION SERVICE CHANGES, 2011

Docket No. N2012-1

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS SMITH  
TO QUESTION FROM CHAIRMAN GOLDWAY DURING  
MARCH 23, 2012, ORAL CROSS-EXAMINATION  
(April 11, 2012)

The United States Postal Service hereby provides the response of witness Marc Smith to a question posed by Chairman Goldway during oral cross-examination in this docket on March 23, 2012. Citation to the question is provided; the question is then paraphrased and followed by the response of witness Smith.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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**Tr. Vol. 5 at 1724-1726**

**Question:**

Table 2 of your testimony calculates the miscellaneous postal supplies and services factor. In addition, the table relies on data in Attachment 3. Can you please provide sources and the calculations used to develop the figures in Attachment 3? In particular, it is unclear what is contained in the categories Miscellaneous Postal Supplies and Services of approximately \$91 million and Total Current Network Labor Costs Comp 527 of \$11 billion.

**RESPONSE:**

The attached spreadsheet ("Attachment.3.Calculations.xls") shows the steps taken to obtain the data in Attachment 3 and Table 2 as well. The first tab, "2010 Costs by Acc & Fac Status," summarizes the expenses for all Function 1 processing facilities by Expense Account Number and by Facility Status (Y, N, NDC, REC and ISC). The source data for this tab is contained in USPS-LR-N2012-1/58; the preface of that library reference describes this data. This data is the National Consolidated Trial Balance FY2010 costs for the mail processing facilities that are the focus of the network analysis, containing costs by finance number for each separate facility. (See also the Revised Response of the United States Postal Service to Question 22 of Presiding Officer's Information Request No. 1, filed on March 16, 2012, at pages 21-22.)

The second tab, "Cost by Seg & Comp & Account," starts with data from tab one and assigns the cost segment and component number for each account number as is done for the General Ledger costs to develop Trial Balance costs (See Docket No. ACR2010, USPS-FY10-5). This is done for three facility groupings: All processing facilities, Active Facilities (Facility Status = Y), and Inactive Facilities (Facility Status = N). In columns G to J, costs by account number for Facility Status = Y are as listed in

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tab one, with the cost segment and component number appended. The same is true for the Facility Status = N in columns M to P of the second tab. Columns A to D of the second tab is a summation of costs by account number for all processing facilities (combining the costs for all Facility Status), and then also appending the cost segment and component.

The third tab, "Active Facilities," and the fourth tab, "Inactive Facilities," are pivot tables summarizing the cost by cost segment and component based on the second tab data for Active Facilities and Inactive Facilities, respectively. The last tab, "Data for Attachmt 3," takes the costs from tabs three and four and sums them to get the last column or "Total Column" shown on this tab, which is the data contained in Attachment 3.

The Miscellaneous Postal Supplies and Services costs of \$91,923,418 in Table 2 of USPS-T-9 is from Attachment 3, on the last tab, in the row Cost Segment 16, Component 177, Total postal supplies & services for the "Total" column. Total Current Network Labor costs (comp 527) of \$11,764,388,784 in Table 2 is the sum of the Postal Service personnel costs for cost segments 1-12 for the "Total" column (see row 107 of the last tab). The last tab also provides costs for Inactive facilities for use in developing costs in Table 6 of USPS-T-9. These are: Utilities (\$71,843,026), Heating Fuel (\$6,464,351) and Custodial Supplies and Services (\$18,710,721).